

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-03 INR-07 IO-13 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 OIC-02 IGA-02 /089 W
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R 081942Z JUL 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5444
INFO AMEMBASSY DACCA
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY TOKYO

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ROME FOR FODAG

E.O. 11652: N/A
TAGS: EAID, EAGR, IBRD, BG
SUBJECT: BANGLADESH AID GROUP: FOOD AID COORDINATION
MEETING - JULY 6, 1977

REF: PARIS 19390

1. SUMMARY: AT BANGLADESH FOOD AID COORDINATION MEETING, MAJOR DONORS WELCOMED U.S. INITIATIVE IN CALLING MEETING, NOTED THEY HAD PRIOR CONCERNS OVER BDG USE OF FOOD AID, AND ENDORSED A STRENGTHENED FOOD SHIPMENT CO-
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ORDINATING ROLE FOR WFP/DACCA AND BIENNIAL MEETING OF DONORS AND BDG OFFICIALS. THEY ALSO STRESSED NEED FOR IMPROVED FOOD DATA. UK DEL ALONE EXPRESSED IMPORTANT DOUBTS ABOUT DONOR ABILITY TO AGREE ON FOOD POLICIES WHICH BDG MIGHT FOLLOW. USDEL AGREED THAT IMPORTANT DIFFERENCES EXIST AMONG DONORS AND WITH BDG, BUT NOTED THAT CREATION OF A MECHANISM TO DISCUSS POLICY MEASURES

WOULD BE FIRST STEP TOWARD RESOLVING THEM. END SUMMARY.

2. FOOD AID COORDINATION MEETING HELD JULY 6 UNDER CHAIRMANSHIP IBRD VP FOR SOUTH ASIA ERNEST STERN. REPS OF ALI MAJOR FOOD DONORS (AUSTRALIA, CANADA, FRG, JAPAN, UK, USA, EEC, WFP, AS WELL AS IMF AND SWEDEN) PRESENT. DISCUSSION COVERED POINTS SPELLED OUT IN REFTEL, BUT NO FORMAL AGENDA WAS ISSUED OR FOLLOWED.

3. CHAIRMAN SUMMARIZED LATEST IBRD PAPER, "BANGLADESH - FOOD POLICIES AND IMPORT REQUIREMENTS (BAN-77-3)." HE PLACED BDG LONG-TERM (I.E. FIRST CLASS STORAGE DEPOTS, PLUS SILOS) STORAGE CAPACITY AT 1 MMT WITH ADDITIONAL 500,000 MT AVAILABLE FOR SHORT-TERM, IN INFERIOR STORAGE DEPOTS. BDG TECHNICAL AND MANAGERIAL CAPACITY TO OPERATE STORAGE SYSTEM NEEDS IMPROVEMENT. HE ALSO JUDGED BDG FY 1978 PROCUREMENT TARGET OF 500,000 MT "ACHIEVABLE", DEPENDING ON SIZE OF THE CROP.

4. US DELEGATION PRESENTED US VIEWS ALONG LINES REFTEL AND PREVIOUS, STRESSING VIEW THAT RELIABLE DONOR FOOD AID FLOWS SHOULD BE MATCHED BY REGULAR BDG IMPLEMENTATION OF FOOD POLICY MEASURES. USDEL ALSO NOTED NEED FOR RELIABLE DATA AND SUGGESTED:

(A) SEMI-ANNUAL MEETINGS BETWEEN BDG AND MAJOR FOOD DONORS, ONE AT TIME OF AID GROUP MEETING IN PARIS, SECOND LIMITED OFFICIAL USE

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AT AMAN HARVEST TIME IN DACCA;

) STRENGTHENING WORLD FOOD PROGRAM (WFP) OFFICE IN DACCA TO ASSIST BDG AND DONORS WITH COORDINATION OF FOOD GRAIN SHIPMENT ARRIVALS AT PORTS; AND

(C) STRENGTHENING BDG'S CAPACITY TO COLLECT RELIABLE DATA. USDEL NOTED THAT USDA TEAM IS IN DACCA AT PRESENT TO RECOMMEND TO BDG AND USAID STEPS TO IMPROVE CROP FORECASTING IN BANGLADESH.

5. CONCERNING BDG FOOD POLICIES, USDEL NOTED THAT MANY POLICY RECOMMENDATIONS ARE AVAILABLE TO BDG. US PLACED PRIORITY ON WAYS TO IMPROVE FOOD MANAGEMENT, INCLUDING PROCUREMENT; ENGAGING IN OPEN MARKET OPERATIONS; AND REFORM OF RATION SYSTEM.

6. WFP/DACCA REP SAW NEED FOR IMPROVED COORDINATION OF FOOD AID DELIVERIES AND STATED THAT IF BDG AND DONORS REQUESTED WFP TO PAY CLOSER ATTENTION TO COORDINATING FOOD AID SHIPMENTS, WFP/DACCA WOULD DO SO. (CHAIRMAN STATED BDG DELEGATION HAD INFORMALLY INDICATED ITS WILLINGNESS

TO SEE WFP ROLE FURTHER ENHANCED.)

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7. IMF, AUSTRALIA, CANADA, EEC, FRG AND JAPAN WELCOMED
US INITIATIVE IN CALLING MEETING, ENDORSED THE SUGGES-
TIONS FOR HOLDING SEMI-ANNUAL FOOD COORDINATION MEETINGS
AMONG DONORS AND BDG OFFICIALS, AND STRENGTHENING THE
WFP/DACCA OFFICE TO COORDINATE WITH BDG THE SCHEDULING
OF DONOR FOOD SHIPMENTS. MANY OF THESE DONORS HAD PRIOR
CONCERNS REGARDING THE BDG USE OF FOOD AID, PARTICULARLY
IN FEEDING THE URBAN CONSUMER IN PREFERENCE TO RURAL (AND
(AND URBAN) DESTITUTE.

8. UKDEL ENDORSED VARIOUS SUGGESTIONS TO DEAL WITH
"MECHANICS" OF FOOD AID, I.E. SEMI-ANNUAL MEETINGS, AND
STRENGTHENING OF WFP/DACCA. HOWEVER, HE TOOK CAUTIOUS
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APPROACH TOWARD ISSUE OF POLICIES, AS NUMEROUS POLICY GOALS (E.G. INCENTIVE PRICES TO GROWERS, CHEAP FOOD FOR ILL-NOURISHED POOR) WERE IN CONFLICT. HE URGED CAREFUL IBRD PREPARATION FOR SEMI-ANNUAL MEETINGS, INVOLVING DOCUMENTATION CONCERNING BDG POLICY MEASURES ADOPTED AND/OR SOUGHT BY DONORS.

9. CHAIRMAN'S CONCLUSIONS: CHAIRMAN MADE FOLLOWING POINTS IN SUMMING UP:

(A) MECHANICS: THERE IS DONOR CONSENSUS FOR SEMI-ANNUAL MEETINGS. THESE SHOULD BE HEID UNDER BDG AEGIS. WFP CAPACITY TO ASSIST BDG IN COORDINATING SHIPMENTS SHOULD BE ENHANCED, BUT RESPONSIBILITY FOR SUCH COORDINATION SHOULD REMAIN WITH BDG; SIMILARLY, DONOR ASSISTANCE TO BDG TO IMPROVE ITS OWN DATA COLLECTING ABILITY SHOULD START WITH BDG IDENTIFICATION OF DEFICIENCIES AND DEFINITION OF IMPROVEMENTS SOUGHT. UNDP COULD THEN HELP.

B) POLICIES: DONORS MUST AVOID DIFFERING POLICY RECOMMENDATIONS TO BDG, FOR WHOM FOOD SUPPLY SYSTEM IS OF OVERWHELMING POLITICAL IMPORTANCE. BDG ATTACHES HIGHEST IMPORTANCE TO CONTINUING, RELIABLE FLOWS AND SEEKS TO AVOID RISING PRICES IN POLITICALLY FRAGILE, URBAN AREAS.

(C) BDG COMMERCIAL PURCHASES: THESE ARE REGRETTABLE, BUT JUSTIFIED IN LIGHT LOW STOCK LEVEL FOLLOWING DONOR AND BDG ACTIONS OVER PAST YEAR.

(D) SYSTEM CANNOT BE FINE-TUNED; THE MARGINS FOR ERROR ARE VERY GREAT; DONORS IN COMMITTING FOOD AND ARRANGING SHIPMENTS SHOULD ERR ON SIDE OF CAUTION AND RISK PROVIDING TOO MUCH RATHER THAN TOO LITTLE AND THEREBY TRIGGERING PRICE RISES AND POLITICAL TENSIONS OVER FOOD

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AVAILABILITY UNCERTAINTIES.

(E) STOCK LEVELS: ADEQUATE LEVEL OF ONE MILLION METRIC TONS (MT) STOCK "AT END PROCUREMENT CYCLE" (PRESUMABLY JUNE 30) WOULD ENABLE BDG GIVE MORE ATTENTION TO LONG-TERM FOOD DISTRIBUTION POLICY GOALS. WHEN BDG OFFICIALS WERE WORRYING OVER NEXT 100,000 MT, THEY HAD NO ADMINISTRATIVE TALENT LEFT FOR LONGER-TERM POLICY DECISIONS.

(F) DONORS SHOULD PRESS BDG FOR DETAILED DECISIONS TO IMPLEMENT RECOGNITION IN BUDGET SPEECH OF NEED FOR CHANGE

IN FOOD DISTRIBUTION POLICY.

10. USDEL, RESPONDING TO UK STATEMENT, AGREED THERE WERE IMPORTANT POLICY DIFFERENCES AMONG DONORS AND BDG, BUT CREATION OF MECHANISM FOR DISCUSSING FOOD POLICIES AND THE BDG PERFORMANCE IN IMPLEMENTING THEM WOULD HELP TO RESOLVE EXISTING DIFFERENCES.

11. COMMENT. MEETING BROUGHT OUT CONSIDERABLE AREAS OF AGREEMENT. ESTABLISHMENT OF SEMI-ANNUAL MEETINGS SHOULD PERMIT ENHANCED DONOR AND BDG ATTENTION TO IMPLEMENTATION OF FOOD POLICY MEASURES, AS WELL AS FOOD AID FLOWS.
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